

Draft

**MINUTES OF MEETING
OF THE TRUSTEES OF THE
AFFORDABLE HOUSING TRUST**

A meeting of the Trustees of the Affordable Housing Trust Fund of Rhode Island Housing and Mortgage Finance Corporation was scheduled for Thursday, August 27, 2009 at 9:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Trustees in attendance were Richard Godfrey, Thomas Hogg. Mr. Noble was absent. Michael Milito, Deputy Assistant Director of Law and Human Resources and Anne Berman, Assistant Director of Development were also present.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Trustees was posted in the Offices of Rhode Island Housing, and at the first floor bulletin board in the State House.

The Trustees convened the meeting at approximately 10:20 a.m.

Approval of Minutes of the Affordable Housing Trust Fund Meeting Held June 25, 2009

Upon a motion made by Mr. Hogg and seconded by Mr. Godfrey, the following was approved:

VOTED: That the Minutes of the Affordable Housing Trust Fund Meeting held on June 25, 2009 be, and hereby are, approved.

Revised Approval of Financing for Kingstown Crossings I

Mr. Godfrey presented this request.

This Request for Action (RFA) is for a Revised Firm Approval of a loan from the Affordable Housing Trust (AHT) for Kingstown Crossings I (the "Development"), which will replace 58 existing housing units with 58 new permanent supportive family housing units. The site, currently known as "Navy Drive", is operated by Crossroads Rhode Island ("Crossroads"). Kingstown Crossings I received Firm Approval for tax-exempt financing from Rhode Island Housing's Board of Commissioners on June 25, 2009.

The Trustees previously approved an AHT Loan of up to \$500,000 for the Development. The Development is intended to preserve the existing program for homeless families by replacing all units on a one-for-one basis. The overall financing proposed Special Needs Rental Program ("SNRP") funds of \$500,000. However staff has determined that it is more appropriate to use additional AHT funds in lieu of SNRP. This reserves SNRP funds for developments for which SNRP is the only feasible source to provide the gap financing necessary to serve households with special needs. The revised AHT request is for up to \$1,000,000.

Located in North Kingstown, the existing Navy Drive site consists of obsolete military housing, retrofitted for civilian use. The proposed project, including planned future phases, will replace a

blighted group of duplexes, monotonous in appearance, with a more vibrant “village” neighborhood environment. The site has been operated by Crossroads since the 1980s.

The site is located off Devil’s Foot Road which is part of the Old Quonset Point Naval Base. The land is currently owned by the United States Department of Health and Human Services which has agreed to transfer ownership of the property to the sponsor at no cost. The existing development is comprised of 21 buildings constructed in 1960, a central private way, open space, a basketball court, playground, and ball field on 13.78 acres. The existing wood frame buildings all contain lead paint, mold and asbestos (throughout all of the structures primarily in the joint compound). Due to the presence of these materials, renovation of the existing structures is financially infeasible. Previous Phase I reports for the site have identified no other environmental concerns.

The Kingstown Crossings project is designed to better blend into the surrounding neighborhood. Working closely with the Town of North Kingstown, the sponsor and architects have designed the project with a density that is comparable to other residential neighborhoods in the area. The outdoor space has been designed to reprogram currently undefined green space into front and rear yards seeking to define each unit’s outdoor space. In addition, the streetscape has been redesigned to incorporate traffic calming techniques and enhance the pedestrian environment. An interior pedestrian path will promote non-vehicular movement through the site. The proposed project will provide on site parking.

The new buildings are designed as 3-story gabled houses similar to three family homes with a flat on each level. The units will be connected by exterior breezeways. Six different building forms will be created from the original building module in order to create a varied streetscape. Two-bedroom units will average 897 square feet, three-bedroom units will average 1,042 square feet, and four-bedroom units will average 1,285 square feet. Current plans call for 4 two-bedroom units, 48 three-bedroom units and 6 four-bedroom units.

The buildings will be constructed slab-on-grade, wood frame, pre-fabricated truss roofs and exterior balconies. The buildings will be fully sprinklered. Durable and low maintenance materials will be used to ensure long life including fiber-cement siding and engineered fiber trim. Various energy-efficiency measures are planned.

The sponsor obtained Masterplan Comprehensive Permit approval for redevelopment of the entire site (including a currently undeveloped portion) from the Town of North Kingstown in August 2007. The sponsor will begin the process to transfer ownership from the U.S. Department of Health and Human Services as soon as all financing for this phase of new development is in place. The development of the phase I project is necessary to free up land occupied by the existing Navy Drive housing which will be demolished. Such land will then be available for the development of two additional phases, the second of which, known as Kingstown Crossings II, will create 46 additional affordable units resulting in a total of 104 affordable units on the site. Second phase plans also call for the development of a property management building with individual offices for case managers. A Phase III project is contemplated which will include an active playground/play area, basketball court, daycare center, community building with conference room and additional parking.

All of the existing units are currently subsidized with Section 8 project-based vouchers administered by Rhode Island Housing. The project will be sequenced so that existing tenants will not be relocated until replacement units have been completed to house them.

Crossroads received a subsidy and grant award (the “Subsidized Advance”) from the Federal Home Loan Bank of Boston (“FHLBB”) for Kingstown Crossing I. The Subsidized Advance will pass through Citizens Bank, which is a FHLBB member bank, to Rhode Island Housing, which will in turn fund the first mortgage loan to the development. The cost of the Subsidized Advance is less than Rhode Island Housing’s usual cost of capital and allows for a mortgage at a reduced interest rate. The loan from Citizens Bank to Rhode Island Housing will be non-recourse, and will be secured by a pledge of the loan documents from Rhode Island Housing to the new Limited Partnership.

Crossroads has requested tax exempt financing in order to generate the 4% low income housing tax credits. Since the FHLBB Subsidized Advance to Citizens Bank is based on taxable financing, the tax exempt loan will be used as construction financing. The tax exempt loan will be paid in full at completion.

Proposed sources of funding in addition to a loan from the Affordable Housing Trust, include: (i) a Rhode Island Housing first mortgage; (ii) equity from the sale of Housing Tax Credits (HTC) or some equivalent source of funding, (iii) HOME Funds; (iv) Building Homes Rhode Island funds; (v) Neighborhood Opportunities Program (NOP) funds; (vi) funding from Rhode Island Housing’s Special Needs Rental Production Program; (vii) Affordable Housing Program (AHP) funding from the Federal Home Loan Bank; and (viii) CDBG funds.

Since Preliminary Approval in August of 2008, Crossroads has completed all plans and specifications for the project and engaged in a construction bidding process. TRAC Builders, Inc., the selected general contractor, is prepared to begin construction immediately upon closing. A building permit for the project is anticipated during the first week of August 2009.

This Request for Action is for revised firm approval of an AHT Loan in an amount up to \$1,000,000.00 as part of the financing for Kingstown Crossings I.

Upon a motion made by Mr. Hogg and seconded by Mr. Godfrey the following resolution was unanimously adopted:

**Resolution of the Board of Trustees
of The Affordable Housing Trust Fund**

Whereas: The Affordable Housing Trust Fund (the “Trust”) is authorized to make loans to mortgagors or sponsors for the development of housing to be occupied by low- and moderate-income persons or families in Rhode Island;

Whereas: The applicant (“Applicant”) listed below has presented an application to the Trust requesting a loan to develop rental housing to be known as Kingstown Crossings I as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Trust Loan</u>
Kingstown Crossings I	Crossroads Rhode Island	\$1,000,000.00

Whereas: Trustees have reviewed the submission and determined that the Development qualifies for a loan under the Trust Agreement dated July 1, 1988, as amended; and

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, the Trust hereby declares firm commitment of a loan to Crossroads Rhode Island, in an amount not to exceed \$1,000,000 for rental housing to be developed in North Kingstown, Rhode Island;

Resolved: That the foregoing resolutions are subject to the following conditions:

- Approval, closing and disbursement of financing from Rhode Island Housing Mortgage and Finance Corporation.

Resolved: That the Trustees are authorized to set the terms and conditions of the loan as they seem advisable and in the best interests of the Trust, and be, and are hereby authorized to take any actions as they deem necessary to carry out this Resolution.

There being no further business, a motion to adjourn the meeting at 10:26 a.m. was made by Mr. Hogg and seconded by Mr. Godfrey.

Respectfully submitted,

Richard Godfrey,
Secretary and Executive Director